
Contract Negotiation Techniques

Negotiation Tactics

Chapter 6



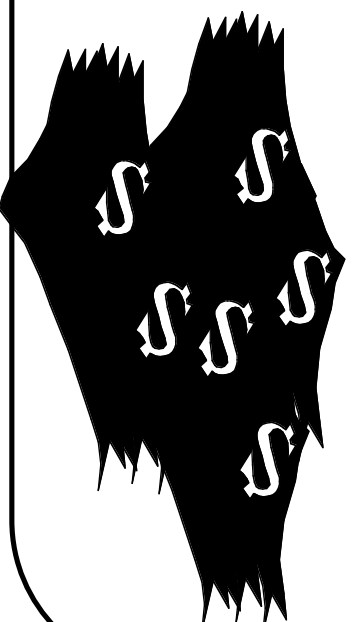
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General Services Administration

Negotiation Tactics

- **Tactics tend to be win/lose in orientation**
 - really plays that are deceptive in nature and not recommended for government contract negotiations
- **Important reasons to know tactics:**
 - identifying tactics reduces their effectiveness
 - win/win tactics can facilitate bargaining success
 - win/lose tactics are sometimes necessary

Funny Money

- Defined as anything that takes the place of money
- Examples include:
gambling chips, monthly payment, credit cards, per ton rates, indirect cost rates, learning curve and profit percentages
- Counter by calculating dollar amount!



Surprise

- Shocking or surprising other side
- Often involves a “planned” emotional outburst
- Used by Nikita Krushchev at UN
- Countermeasures:
 - Don’t get flustered
 - Call a caucus or delay response

Blanketing

- Asking for everything at once including issues that you don't
- Overwhelm other party to obtain quick and easy concessions on important demands
- Counter by narrowing down to essential issues

Undermining

- Putting other side on defensive by making threats or issuing ultimatums
- Risky tactic that often backfires
- Greatest success when couched in tactful, diplomatic language
- Countermeasures
 - Stand firm, but don't get angry or scared
 - Explain associated risks and costs

Silence

- **Avoid discussing an issue by remaining silent or talking about something else**
- **User does not want to discuss weakness in position**
- **Counter by using persistent effective questions to uncover avoided topic**

Feinting

- Giving other side a false impression using misleading and untruthful statements
- Generally unethical
- Counter with effective questions

Limited Authority

- Bargainer claims lack of authority to negotiate
- Obtain limits of the other side without making commitments
- Countermeasures:
 - Determine limitations upfront
 - Negotiate with authority figure

Apparent Withdrawal

- Pretending to deadlock with intention of resuming later on
- Let's other side know how serious you are on a particular issue
- Dangerous and risky tactic because other side may not want to resume negotiation
- Counter by waiting out the other side

Deadline

- Arbitrary time limits to force deals
- Creates pressure on the other side to make deals
- Classic example:
 - Sale Ends TODAY!
- Short deadlines indicate tactic application
- Countermeasures:
 - Purposely miss deadline
 - Bargain for more time
 - Challenge validity of deadline

Good Guy/Bad Guy

- One negotiator plays good guy while other bargainer hard-core , bad guy
- Good guy appears sympathetic to other side
- Ploy: only alternative to bad guy position is good guy outcome
- Counter by stating recognition of tactic to other side

Invoking Fake Competition

- **Lauding false alternatives choices causing other side to doubt their position**
- **Introducing “bogus competition”**
- **Very effective when applied in a credible manner**
- **Counter by questioning why bargaining is even taking place if competition is so good**

Wet Noodle

- Giving qualified or noncommittal responses
- Users frequently do not want to make concessions or commitments
- Counter by insisting on a response before moving on to another issue

Take It or Leave It

- Used all the time whenever sales are made without negotiation
- Other side expected to accept price at face value, such as contractor price lists or standard profit percentages
- Countermeasures:
 - Insist that everything is negotiable
 - Counter with non-price demands

Fait Accompli

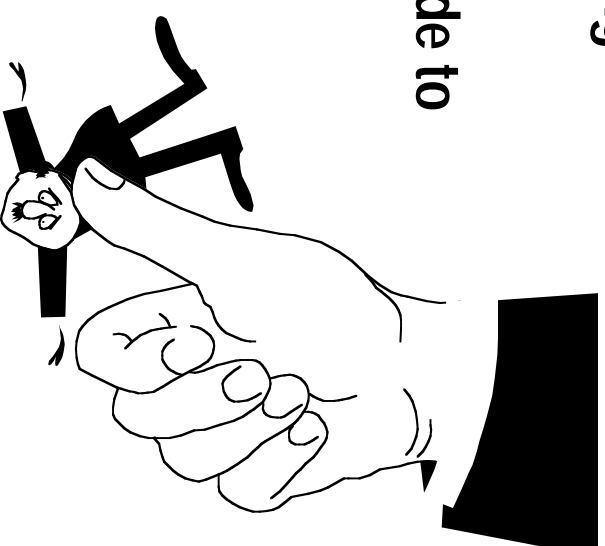
- Presenting other party with completed action with no choice but acceptance
- Play: action must be accepted because it is too late to change
- Counter by stating your intention to bargain the issue and make necessary changes

Bogey

- Blame position on third parties or situations beyond the negotiators control
- Any excuse in the world will do
- Bargainers escape responsibility because “Bogey” is beyond their control
- Countermeasures:
 - Stand firm
 - Offer to bargain with the “Bogey”

Crunch

- Says words to the effect: "You have got to do better" or "it's not good enough"
- Lowers expectations by creating doubts
- Counter by asking the other side to justify the crunch



Decoy

- Placing apparent importance on unimportant issue
- Trade the decoy for a concession of value without giving up anything important in return
- Countermeasures
 - Concede confederate issue and hold out for a trade of value
 - Challenge validity of decoy

Legitimacy

- Use of commonly accepted standards or “documents” to confer legitimacy on position
- Price lists, precedent, and official policy are common examples
- Used in conjunction with “take it or leave it” tactic
- Counter by insisting that everything is negotiable

Win/Win Tactics

- *Ways to facilitate win/win outcomes*
- *Caution: Can be abused and sometimes used as win/lose plays*
- *Only counter when used as a ploy*

Forbearance

- **Agree to disagree and move on**
- **Minimize lengthy disagreements**
- **Search for areas to agree on**
- **Give each side more time to view tough issues**

Questioning

- Asking questions to obtain information from other side
- Good purposes include:
 - Obtaining additional facts
 - Seeking a specific response: "What is the best you can do?"
 - Giving information: "Did you know.."
 - Aid in reaching agreement: "When can you start work?"

Trial Balloon

- Presenting options by prefacing offers with “What if...?”
- Propose ideas for win/win solution
- Does not commit user but gives other side refusal or acceptance options
- Propose in ways that encourage an alternate solution when trial balloon is not accepted

Alternative Positions

- Offer multiple alternatives at the same time
- Other side has option of several choices
- Selection of one alternative gives other side “ownership” of solution

Acceptance Time

- Give other side time to “think about it”
- Time is needed to grasp proposals and accept new ideas
- Caution: Too much time could derail momentum for quick agreement or give other side time to change position

Brainstorming

- Thinking out loud and openly discussing possibilities, issues, solutions, and concessions
- Encourage new ideas
- Useful identifying needs and information from the other side

Salami

- Making demands one at a time or requesting concessions bit by bit
- Better able to fully explain each issue before moving on
- Because other side doesn't know complete extent, immediate resistance may be more unlikely

Bracketing

- **Narrowing issues to determine what is really essential to other side**
- **Used as counter to Blanketing**

Summary

- Win/Lose tactics are plays
- Deception used to increase bargaining success
- Recognition is the universal counter
- Win/Win tactics facilitate Win/Win outcomes
- Win/Lose tactics only last resort